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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

ANNUAL AUDITED REPORT
FORM X-17A-5
PART III

AB 3/9/06

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Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING 01/01/05 AND ENDING 12/31/05
MM/DD/YY MM/DD/YY

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER: Franklin Capital, Inc.

OFFICIAL USE ONLY

FIRM ID. NO.

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

5263 Cresthaven H. Building

(No. and Street)

West Palm Beach

Florida

33415

(City)

(State)

(Zip Code)

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

Ronald G. Handloser

(407) 967-9557

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

Beale, James K. CPA

(Name — if individual, state last, first, middle name)

1010 N. Campbell

Royal Oak

MI

(Address)

(City)

(State)

Zip Code)

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

PROCESSED

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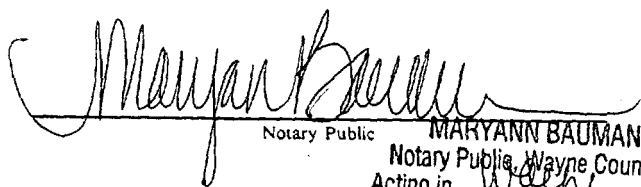
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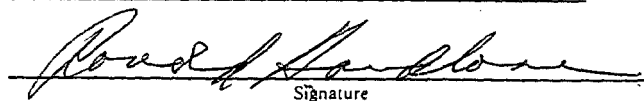
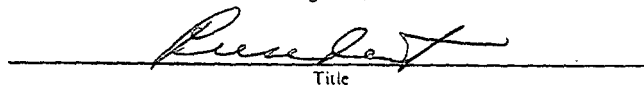
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*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(b)(2).

OATH OR AFFIRMATION

I, Ronald G. Handloser, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of Franklin Capital, Inc., as of December 31, 2005, are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:


Notary Public **MARYANN BAUMANN**
Notary Public, Wayne County, MI
Acting in Waup Co., MI
My Commission Expires 11/06/2006


Signature

Title

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☒ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☒ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

FINANCIAL AND OPERATION COMBINED UNIFORM SINGLE REPORT

PART IIA

BROKER OR DEALER **Franklin Capital, Inc.**

as of DECEMBER 31, 200

COMPUTATION OF NET CAPITAL

1. Total ownership equity from Statement of Financial Condition.....		\$ 43,399.....
2. Deduct ownership equity not allowable for Net Capital.....		<u>0</u>
3. Total ownership equity qualified for Net Capital.....		<u>43,399</u>
4. Add:		
A. Liabilities subordinated to claims of general creditors allowable in computation of net capital.....		<u> </u>
B. Other (deductions) or allowable credits (List).....		<u> </u>
5. Total capital and allowable subordinated liabilities.....		<u>\$ 43,399</u>
6. Deductions and/or charges:		
A. Total nonallowable assets from Statement of Financial Condition (Notes B and C) \$	3540	
B. Secured demand note deficiency.....	3590	
C. Commodity futures contracts and spot commodities- proprietary capital charges.....	3600	
D. Other deductions and/or charges.....	3610	(
7. Other additions and/or allowable credits (List).....		<u> </u>
8. Net capital before haircuts on securities positions.....		<u>\$ 43,399</u>
9. Haircuts on securities (computed, where applicable, pursuant to 15c3-1 (f)):		
A. Contractual securities commitments.....	\$ 3660	
B. Subordinated securities borrowings.....	3670	
C. Trading and investment securities:		
1. Exempted securities.....	3735	
2. Debt securities.....	3733	
3. Options.....	3730	
4. Other securities.....	3734	
D. Undue Concentration.....	3850	
E. Other (List)..... HAIRCUT (2% REDUCTION OF MM).....	689	3738 (689)
10. Net Capital.....		<u>\$ 42,710</u>

OMIT P

There were not material differences between the audited computation of net capital and the net capital computed above.

James K. Beale, CPA

Statement of Exemption from Computation of Reserve Requirements

Franklin Capital, Inc. claims exemption from SEC rule 15c3-3 which requires a computation of reserve requirements. Franklin Capital, Inc. is a non-clearing broker – dealer and does not carry customer's accounts on its books. In the audit conducted for Franklin Capital, Inc. for the year ended December 31, 2005 dated February 6, 2006 no customer accounts appeared on the books of Franklin Capital, Inc. The proper controls and procedures are in place to qualify for this exemption.

Supplemental Report on Material Inadequacies

In the course of the independent public accountant's tests of the accounting system and the internal control procedures, no matters were considered to be material weaknesses.

The period was the year ended December 31, 2005.

James K. Beale, CPA

1010 N. CAMPBELL
ROYAL OAK, MICHIGAN 48067

Telephone 248-547-1430

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER'S OF
FRANKLIN CAPITAL, INC.

In my opinion, the accompanying Balance Sheet as of December 31, 2005 and the related Statements of Income, Retained Earnings, and Cash Flows present fairly, in all material respects, the financial position of Franklin Capital, Inc. at December 31, 2005 and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Company's management, my responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit of these financial statements in accordance with generally accepted auditing standards which require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for the opinion expressed above.

February 6, 2006

James K Beale

ASSETS

CURRENT ASSETS:

Cash in bank (Note A)	\$8,979
Cash in Money Market fund (Note A)	<u>34,470</u>

TOTAL CURRENT ASSETS \$43,449

TOTAL ASSETS \$43,449

LIABILITIES AND STOCKHOLDER'S EQUITY

CURRENT LIABILITIES:

Federal income tax payable	\$39
Loan payable - Stockholder (Note B)	<u>11</u>

TOTAL LIABILITIES \$50

STOCKHOLDER'S EQUITY:

Capital stock issued and outstanding	\$10,000
Retained earnings	<u>33,399</u>

TOTAL STOCKHOLDER'S EQUITY 43,399

TOTAL LIABILITIES AND STOCKHOLDER'S EQUITY \$43,449

INCOME:

Commissions
Interest\$2,224
782

TOTAL INCOME

\$3,006

EXPENSES:

Accounting and Auditing fees

600

Assessments

1,235

Office expense and postage

500

Report filing fee

200

Licenses

184

Bank Charges

26

TOTAL EXPENSES

2,745

Net income before tax

261

Provision for tax

39

NET INCOME

\$222

RETAINED EARNINGS:

Balance, December 31, 2004	\$33,177
Add: Net income for the year ended December 31, 2005	<u>222</u>
Balance, December 31, 2005	<u><u>\$33,399</u></u>

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$222
Changes in operating assets and liabilities:	
Federal income tax	<u>(74)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	148
Net increase in cash	148
Cash at beginning of year, January 1, 2005	<u>43,301</u>
Cash at end of year, December 31, 2005	<u><u>\$43,449</u></u>

NOTE A - SUMMARY OF ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows:

1. **CASH EQUIVALENTS** include cash and liquid investments with an original maturity of 90 days or less.

NOTE B - LOAN PAYABLE - STOCKHOLDER

The stockholder, Ronald Handloser, has advanced funds to the corporation for general working capital. The obligation is secured and payable on demand.